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EUR/NB FOR ALAN MELTZER, NSC FOR J.HOVENIER

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SUBJECT: FINLAND: MEDVEDEV'S FIRST VISIT A "PROMISING BEGINNING"

Classified By: Charge D'Affaires Michael A. Butler for reasons 1.4(b) and (d)

¶11. (C) SUMMARY. President Halonen came away very satisfied from Russian President Medvedev's first visit to Finland on April 20-21. Having forged a good relationship with Putin, Halonen seeks a good rapport with his successor, and Medvedev's self-deprecating and modest demeanor went over well with his Finnish audience. The visit left the Finns no more certain about a division of power between Medvedev and Prime Minister Putin, as the former failed to deflect any points to the PM on the largely bilateral and economic agenda. Halonen's preference is to focus on those concrete bilateral issues, so while Medvedev addressed his proposed European Security Pact, he did so in a speech and the two barely touched on the subject in private. Halonen saw little progress on the bilateral agenda, but the economic downturn has removed the urgency of some matters like wood export tariffs. However, the promising beginning seen in the Presidents' relations may prove beneficial when those issues regain their prior urgency. END SUMMARY.

Medvedev Impresses Finnish Audience

¶12. (C) In an April 24 meeting, Finnish President Halonen's advisor Aleksi Harkonen expressed to Polchief the President's satisfaction with Russian President Medvedev's first visit to Finland on April 20-21. Harkonen said that the "clearly post-Soviet" Medvedev's easy-going, self-deprecating and - most importantly - modest attitude went over very well with his Finnish audience. MFA Russia Unit Director Maimo Henriksson confirmed a comfortable interaction in an April 22 meeting with Polchief, adding she (Henriksson) was surprised and impressed by Medvedev's "calm and relaxed" demeanor throughout numerous meetings and events (her surprise stemming from his ability to speak unaided, at length and in detail about bilateral relations with Russia's small neighbor, and the ease with which this "civil servant and attorney from St. Petersburg" handled the pomp of a state visit). (NOTE: A Social Democratic parliamentarian opined to Polchief on April 23 that Medvedev's "poorly delivered speech" at the University of Helsinki showed that him to be a civil servant relatively new to politics. END NOTE.)

¶13. (C) As is typical even in high-level visits, the agenda focused largely but not exclusively on bilateral economic and trade issues. As Harkonen put it, "These are issues we want solved, and we wanted to see what the President had to say." The Finns found it interesting that at no time did Medvedev say that an issue raised did not fall to him but to the Prime Minister, so that the "division of labor" between the two remained unclear. Medvedev made no promises and never said, "I will fix this," which Harkonen found more welcome than the long-remembered and empty "I will take care of this" promises of President Yeltsin. The Finns intend to raise the same

issues with PM Putin in Helsinki in June. (NOTE: Foreign Ministers Stubb and Lavrov spoke extensively during the course of the visit, but according to Harkonen the substance did not vary from that of the Presidents' conversations. END NOTE.)

Topics: U.S., Nordstream, But No Security Pact

¶4. (C) According to Henriksson, the two presidents spoke of the change in U.S.-Russian relations, with both commenting positively not only about President Obama but also President Bush. President Medvedev expressed a favorable personal impression of the latter while acknowledging disagreement "on almost all issues." Halonen noted Finland's historic role in U.S.-Russian/Soviet relations, and offered to play the same role as required, to which Medvedev responded positively if not concretely.

¶5. (C) President Halonen expressed her hope that Russia would join the WTO. Medvedev responded that the process is a "two way road," and that Russia needed U.S. and European support, a response Henriksson interpreted as "don't blame us." Though press reports stated that Halonen asked Medvedev to address his proposed European security pact in a speech at the University of Helsinki, Harkonen said the two spoke very little about the pact, and Finland was not asked to do anything in relation to it. Publicly, Halonen did not voice support for the pact, saying only that the matter bears examination.

¶6. (C) The Presidents spoke of the EU's Baltic Strategy and

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the Northern Dimension, with Halonen commenting on the need to cooperate with Russia on environmental issues; for example, as St. Petersburg's waste water treatment becomes less of an issue, attention should turn to projects designed to decrease runoff into the Baltic Sea from many poultry farms in the St. Petersburg area. The two also spoke of the Nordstream pipeline project, with Halonen stressing that Finland's role is non-political and focused solely on the environmental impact. She explained that in July the government would assess the sufficiency of Nordstream's submission, and if deemed sufficient the next step would be two environmental approvals, one from the Ministry of Labor and Economy and one from a regional authority (regarding water quality). Medvedev voiced no particular concerns about the length of the process. (NOTE: Henriksson referred to the Finns' need to repeatedly explain their non-political, environmentally-based procedures, saying that the Russian perspective is "if the Prime Minister supports something he simply orders it done." END NOTE.)

No Joy on Bilateral Issues

¶7. (C) Halonen made no headway on the bilateral issues routinely raised, e.g., Medvedev gave no indication Russia would postpone indefinitely a wood export tariff increase. Halonen requested a loosening of Russian restrictions on property ownership, as many Finns are interested in purchasing land in parts of Karelia, a region lost to Russia after the Continuation War in the mid-1940s. Medvedev responded that the law restricting such sales in border regions (described as "vague and poorly defined" Henriksson) would not change, though he blamed problems on Russia's eastern border, not the Finnish border. Halonen also pressed for Finnish access to Russian high-tech and construction sectors, on the latter not only in housing construction but opportunities for Finland's expertise in building "multi-purpose structures," e.g., in relation to the Olympics to be held in Sochi. Medvedev welcomed greater market access on both sides, indicating Russia's desire to compete for bids related to construction of another nuclear plant in Finland.

¶8. (C) COMMENT: Halonen enjoyed good relations with Putin when he held the Presidency. Part of her success in achieving such relations came from avoiding critical or provocative public statements, and keeping the agenda to concrete bilateral concerns like wood tariffs. Apparently unfazed by occasional criticism in the press of a too-cozy relationship (e.g., a supposedly slow and noncritical response to the Georgia crisis), Halonen appears to favor the same approach with Medvedev. While the Finns made little progress on their bilateral agenda, Halonen appears to have forged a rapport with Medvedev. That rapport may prove beneficial in an eventual economic upturn when certain bilateral issues like wood tariffs regain their prior urgency. END COMMENT.

BUTLER